



COMMONWEALTH of VIRGINIA
Information Technology Investment Board

The Honorable George C. Newstrom, Chair
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August 31, 2004

The Honorable Mark R. Warner
Governor of Virginia
State Capitol
Richmond, VA 23219

The Honorable John H. Chichester
Chair, Senate Finance Committee
General Assembly Building, 10th Floor
Richmond, VA 23219

The Honorable Vincent F. Callahan, Jr.
Chair, House Appropriations Committee
General Assembly Building, 9th Floor
Richmond, VA 23219

Dear Governor Warner, Senator Chichester, and Delegate Callahan:

Recommended Technology Investment Projects Report (RTIP) for 2004

The Commonwealth's Information Technology Investment Board (ITIB) is pleased to submit our recommended technology investment projects, including recommended priorities for funding such projects, due each September 1 as required by the *Code of Virginia*, Section 2.2-2458.

The accompanying document provides information on the procedures and criteria used to identify candidates for funding and determine recommended priorities, as well as priority listings for:

- Current major IT projects (Appendix A), for which the ITIB recommends funding be maintained. The Board and Commonwealth CIO continue to actively oversee these projects;
- The ITIB's 27 proposed priority IT investment projects (Appendix B), for which the ITIB recommends funding either be maintained (where the proponent agency already has a committed funding source) or given priority consideration for inclusion in the Governor's Executive Budget and funding in the 2005 legislative session.

With the benefit of a full year's experience overseeing the legislatively mandated procedures for IT project management, the Board remains in complete agreement with the intent of the legislation. We would suggest and propose a methodology to assist the agencies of the Commonwealth of Virginia by assisting them in the development of funding alternatives once one of their information technology projects has been

vetted and prioritized as such through this process. You will find our recommendations at the end of this letter.

We find that most agencies do not have the resources to conduct effective initial analyses of business needs and potentially useful technologies. The preliminary plans and cost estimates they provide us—now passed on to you via the accompanying report—vary widely in level of detail, definition of scope, business justification, and the agencies' own confidence in the presented data.

To strengthen major IT project planning to meet intended objectives, the ITIB makes the following recommendations:

- Separate central funding for the project planning phase of major IT projects should exist from funding for project development. This funding would create a two-stage process that parallels the Virginia Department of Transportation's process for road construction projects.
- Upon the recommendation of the CIO, the ITIB should consider awarding planning funds to proposed major IT projects meeting specified criteria. Agency and VITA staff would use awarded funds to conduct the detailed analyses necessary to produce appropriate scope and cost estimates, as per CIO/ITIB guidance.
- The current Virginia Technology Infrastructure Fund should be the vehicle for awarding planning funds. A modest sum for this purpose would be included in the Fund, to be refreshed annually via the Appropriation Act, with the ITIB reporting on its use and results as part of its annual September 1 report.
- Once a project is recommended as a 'priority project', we would recommend that the development funds for each major IT project be specifically set out in the Governor's Executive Budget and the Appropriation Act. Showing the funding separately regardless of funding source, acknowledges and underlines the use of project budgets as a key measure of project performance.

Instituting these project planning improvements will significantly reduce risks by providing early, more accurate information on project feasibility, costs and likelihood of success. Better up-front information also improves the ability of decision-makers at all levels to make informed decisions about the relative strategic value and beneficial impacts of projects competing for scarce resources.

The Board and CIO would be pleased to work with appropriate parties in the administration and General Assembly to determine acceptable arrangements for implementing these recommendations.

Sincerely,



George C. Newstrom, Chair
Chris Caine
Hiram Johnson
John Lee
Scott Pattison

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Enclosure

c: The Honorable William H. Leighty, Jr.
Cabinet Secretaries
Lemuel C. Stewart, Jr.